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INTERSTATE COMMERCE COMMISSION

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## **Lease of Railroad Equipment**

*Dated as of December 15, 1970*

**FROM**

**EL-PC LEASING CORPORATION,  
LESSOR**

**TO**

**GEORGE P. BAKER, RICHARD C. BOND,  
JERVIS LANGDON, JR. and WILLARD WIRTZ,  
Trustees of the Property of  
PENN CENTRAL TRANSPORTATION COMPANY, Debtor,  
LESSEES**

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**137 Diesel-Electric Locomotives**

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**THIS LEASE OF RAILROAD EQUIPMENT** dated as of December 15, 1970, between EL-PC LEASING CORPORATION, a corporation of the State of Delaware (Lessor), and GEORGE P. BAKER, RICHARD C. BOND, JERVIS LANGDON, JR. and WILLARD WIRTZ, as Trustees of the property of PENN CENTRAL TRANSPORTATION COMPANY, Debtor, and the successors of said Trustees, or of any of them (Lessees),

WITNESSETH :

WHEREAS, GENERAL MOTORS CORPORATION, a corporation of the State of Delaware (Manufacturer), and Lessor have executed a Purchase Contract dated as of November 1, 1970 and an amendment thereof dated as of the date hereof (said Purchase Contract as so amended being hereinafter called the Purchase Contract) whereby Manufacturer has agreed to manufacture and sell and Lessor has agreed to purchase and pay for 137 Diesel-Electric Locomotives of the Models and in the respective quantities, and bearing, respectively, the Serial Numbers of Manufacturer and the Railroad's Road Numbers set forth in Schedule A hereto (said Locomotives being hereinafter collectively called Locomotives and individually a Locomotive); and

WHEREAS, Lessees desire to lease all of the Locomotives or such lesser number thereof as are delivered and accepted in accordance with the provisions hereof; and

WHEREAS, Lessor and Lessees have entered into a Temporary Railroad Equipment Lease dated as of November 1, 1970 (the Temporary Lease) providing for the lease of Locomotives delivered pursuant to the Purchase Contract prior to the recordation of this Lease pursuant to Section 20c of the Interstate Commerce Act as hereinafter provided; and

WHEREAS, the Temporary Lease is by its terms to terminate on March 15, 1971, or upon the recordation of this Lease as aforesaid, whichever event shall first occur, or on such earlier date in respect of any Locomotive as Lessor shall receive from Lessees payment of a sum equal to the purchase price for such Locomotive pursuant to Section 6 of the Temporary Lease; and

WHEREAS, certain lenders have severally agreed under a Loan and Financing Agreement dated as of the date hereof (the Loan and Financing Agreement) to make loans to Lessor in amounts specified therein to provide funds necessary for payment of, or to discharge short-term borrowings heretofore incurred for the payment of, the purchase price of the Locomotives by Lessor; and

WHEREAS, as security for the aforesaid loans, Lessor has simultaneously with the execution hereof assigned to UNITED STATES TRUST COMPANY OF NEW YORK, a corporation of the State of New York, as Trustee (the Trustee) under an Equipment Note Agreement dated as of the date hereof (the Equipment Note Agreement), all of its right, title and interest in and to the Locomotives deliverable under the Purchase Contract and to become subject hereto and all of its right, title and interest in and under this Lease; and

WHEREAS, Manufacturer, in consideration of Lessees' agreement to lease the Locomotives from Lessor, has agreed by a Warranty Agreement and Guarantee as to Lessor dated as of the date hereof (the Warranty Agreement) to be obligated to Lessees by certain covenants and warranties of Manufacturer and to guarantee to Lessees the performance in full by Lessor, its successors and assigns, of all of Lessor's duties and obligations hereunder; and

WHEREAS, the terms and provisions contained in this Lease and the Warranty Agreement constitute the only understanding, oral or written, between Lessor and Lessees relating to the Locomotives; and

WHEREAS, the aforesaid George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz have been duly appointed Trustees of the property of Penn Central Transportation Company (the Railroad) by an order of the United States District Court for the Eastern District of Pennsylvania, in a proceeding under Section 77 of the Bankruptcy Act entitled "In the Matter of Penn Central Transportation Company, Debtor, No. 70-347", and said appointment has been duly ratified by an order of the Interstate Commerce Commission, and said Trustees have duly qualified as such and are now in possession of and

operating the property of the Railroad pursuant to the provisions and directions contained in orders of said Court; and

WHEREAS, by an order of said Court dated \_\_\_\_\_, 1970, the form and terms of this Lease were approved by said Court in substantially the present form hereof, and Lessees were duly authorized and directed to execute and deliver this Lease, and otherwise to make and carry out the covenants and agreements on their part herein contained; and

WHEREAS, Lessees represent that all acts and things necessary to make this Lease valid and binding upon Lessees have been done and performed;

Now, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessees, Lessor hereby leases the Locomotives to Lessees upon the following terms and conditions:

SECTION 1. *Definitions.* The terms defined and referred to in this Section (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Lease and any supplement hereto shall have the respective meanings specified in this Section.

The following terms shall have the meanings specified or indicated in the recitals hereto:

*Equipment Note Agreement*  
*Loan and Financing Agreement*  
*Locomotive and Locomotives*  
*Purchase Contract*  
*Railroad*  
*Temporary Lease*  
*Warranty Agreement*

*Appraiser* shall mean an independent appraiser mutually agreed upon by Lessor and Lessees, or failing such agreement, a panel of three

independent appraisers, one of whom shall be selected by Lessor, the second by Lessees and the third designated by the first two so selected.

*Business day* shall mean any day other than a Sunday, a Saturday or any other day on which banking institutions in the City of New York are authorized by law to be closed.

*Certificate of Inspection and Acceptance* shall mean a certificate substantially in the form of the original or the amended Schedule B to the Purchase Contract.

*Event of Default* shall mean one of the Events of Default specified in Section 14 hereof.

*Fair Market Value* shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

*Fair Rental Value* shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

*Lease* shall mean this instrument and any and all supplements hereto.

*Lessees* shall have the meaning specified in Section 18 hereof.

*Lessor* shall mean EL-PC Leasing Corporation or any successor to it by merger, consolidation or other disposition of all or a substantial part of its assets, other than an assignee of the rights, benefits and advantages of Lessor hereunder pursuant to Section 19 hereof.

*Manufacturer* shall mean General Motors Corporation and its successors and assigns.

*Manufacturer's Serial Number* shall mean as to any Locomotive the serial number set forth in Schedule A hereto with respect thereto, as said Schedule A may, from time to time, be revised in accordance with Section 8 hereof.

*Quarterly Rental Period* shall have the meaning specified in Section 4 hereof.

*Railroad's Road Number* shall mean, as to any Locomotive, the road number set forth in Schedule A hereto with respect thereto, as said Schedule A may, from time to time, be revised in accordance with Section 8 hereof.

*Reorganized Company* shall mean any corporation (which may be the Railroad) or governmental agency which acquires the greater portion of the lines of railroad comprised in the Railroad's estate upon termination of the trusteeship of the property of the Railroad, and thereafter shall include any successor which shall have become such in compliance with the third paragraph of Section 18 hereof.

*Specifications* shall mean those specifications referred to in the Purchase Contract.

*Stipulated Loss Value* of any Locomotive as of the end of any Quarterly Rental Period during the term of this Lease shall mean an amount equal to the applicable percentage set forth in Column II of Schedule B hereto of the total unit price of such Locomotive set forth in Schedule A hereto.

*Termination Value* of any Locomotive as of the end of any Quarterly Rental Period during the term of this Lease shall mean an amount equal to the applicable percentage set forth in Column I of Schedule B hereto of the total unit price of such Locomotive set forth in Schedule A hereto.

*Trustee* shall mean United States Trust Company of New York and any successor trustee under the Equipment Note Agreement.

SECTION 2. *Delivery and Acceptance of Locomotives.* (a) Upon the recordation of this Lease with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act pursuant to Section 20 hereof, all Locomotives which have been accepted by Lessees under the Temporary Lease and remain subject thereto shall, as of that time, automatically, and without further act or deed by either Lessor or Lessees, be deemed delivered by Lessor and accepted by Lessees under the terms of this Lease, and said Locomotives shall thereafter be subject to all the provisions of this Lease. Certificates of Inspection and Acceptance with respect to such Locomotives which have been delivered to Lessor pursuant to the Purchase Contract during the term of the Temporary Lease shall be deemed to be Certificates of Inspection and Acceptance under this Lease and shall be accorded the same effect as though the dates of delivery of Locomotives therein set forth were the date when this Lease is recorded as aforesaid. Concurrently with the recordation of this Lease, as aforesaid, the Temporary Lease shall terminate.

(b) With respect to Locomotives not previously delivered to, and accepted by, Lessees under the Temporary Lease, Lessor will complete delivery of the Locomotives prior to June 15, 1971, it being understood that delivery of Locomotives hereunder will not be made until this Lease has been recorded as aforesaid. All Locomotives delivered pursuant to this Section 2(b) shall be delivered to Lessees on tracks of Lessees at Hammond, Indiana, or at such other place as may be mutually agreed upon by Lessor and Lessees, freight charges prepaid.

(c) Lessor shall not be required to lease to Lessees and Lessees shall not be required to lease from Lessor Locomotives not delivered to, and accepted by, Lessees hereunder on or before June 15, 1971.

(d) On delivery of each Locomotive by Lessor to Lessees and Lessees' acceptance thereof, it is expressly understood that Lessees shall bear the entire risk of loss or damage, whether in whole or in part, to the Locomotives, from any cause whatsoever, and any such loss or damage shall not relieve Lessees from any of their obligations during the term of this Lease.

(e) Except for Locomotives accepted by Lessees pursuant to Section 2(a) hereof, each of the Locomotives shall be inspected by an authorized representative of Lessor and Lessees at Manufacturer's plant at McCook, Illinois, and again at the point of delivery hereinbefore specified and, if such Locomotive is in good order and condition and conforms to the Specifications and the other requirements of Section 1 of the Purchase Contract and to all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads, such representative shall execute and deliver to Manufacturer and to Lessor a Certificate of Inspection and Acceptance. On acceptance of delivery of any Locomotive as provided in this Section 2(e), possession of such Locomotive shall, for all purposes, be deemed to be held by Lessees under and subject to all the terms and conditions of this Lease; provided, however, that no Certificate of Inspection and Acceptance shall diminish or otherwise affect the obligations of Manufacturer under the Warranty Agreement. Lessees shall promptly after the execution of this Lease deliver to Lessor a certificate signed by the Secretary or any Assistant Secretary of Lessees setting forth the names and signatures of the persons authorized to execute and deliver Certificates of Inspection and Acceptance hereunder and under the Temporary Lease.

Concurrently with the delivery and acceptance of the last Locomotive, Lessees will cause to be executed and delivered to Lessor a Supplement to this Lease, substantially in the form of Schedule C hereto.

At all times during the continuance of this Lease, title to the Locomotives shall be vested in Lessor to the exclusion of Lessees, and delivery of possession of the Locomotives to Lessees and Lessees' possession of the Locomotives shall constitute a leasehold interest only.

**SECTION 3. *Term of Lease.*** The term of this Lease as to each Locomotive shall commence on the date of its delivery to, and acceptance by, Lessees pursuant to Section 2 hereof, and, subject to the provisions of Sections 11, 14 and 15 hereof, shall terminate on December 15, 1985. This Lease shall not be effective as to any Locomotives not delivered and accepted on or before June 15, 1971.



SECTION 4. *Rentals.* Lessees agree to pay to Lessor one business day prior to each March 15, June 15, September 15 and December 15 during the term of this Lease, as rental for each Locomotive subject to this Lease, for the quarterly period ending on such date (herein called a Quarterly Rental Period), an amount equal to the following applicable percentage of the total unit price of such Locomotive set forth in Schedule A hereto:

(a) For Locomotives becoming subject to this Lease during the Quarterly Rental Period ending March 15, 1971, (i) as rental for said Quarterly Rental Period, 1.75% for the quarter, plus 0.02161892% for each day from and including the day such Locomotives become subject hereto to and including said March 15, 1971, and (ii) as rental for the next succeeding Quarterly Rental Period ending June 15, 1971, 3.69570310%;

(b) For Locomotives becoming subject to this Lease during the Quarterly Rental Period ending June 15, 1971, as rental for said Quarterly Rental Period, 3.50% for the quarter, plus 0.02161892% for each day from and including the day such Locomotives become subject hereto to and including said June 15, 1971; and

(c) For all Locomotives, (i) as rental for each Quarterly Rental Period commencing with that ending September 15, 1971 to and including that ending December 15, 1975, 3.69570310%, (ii) as rental for each Quarterly Rental Period commencing with that ending March 15, 1976 to and including that ending December 15, 1980, 2.80210937%, and (iii) as rental for each Quarterly Rental Period commencing with that ending March 15, 1981 to and including that ending December 15, 1985, 2.03023437%.

Lessees will pay, to the extent legally enforceable, interest at the rate of 10% per annum upon rentals remaining unpaid after the same shall have become due and payable.

Freight on the Locomotives from McCook, Illinois to the point of delivery will be prepaid by Manufacturer and billed by Manufacturer to Lessees accompanied by prepaid freight bill, which invoice Lessees hereby agree to pay immediately on receipt thereof.

All payments to be made to Lessor shall be made at the office of the Trustee, 130 John Street, New York, New York 10038, Attention:

Corporate Trust and Agency Division, or at such other place as the Trustee (or, after termination of the Equipment Note Agreement, Lessor) may designate in writing.

SECTION 5. *Representations and Warranties.*

(a) Lessor represents and warrants that at the time any Locomotive or Locomotives become subject to this Lease, Lessor will be the true and lawful owner thereof and that each such Locomotive will be free and clear of all claims, liens, security interests and other encumbrances except only the rights of Lessees hereunder and of the Trustee under the Equipment Note Agreement.

(b) Lessees represent and warrant that:

(i) Lessees, George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, have been duly appointed as Trustees of the property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania; the appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission; and said Trustees are duly vested with the title to the properties of the Railroad and have the power and authority to carry on its business.

(ii) The execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Locomotives are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) Except for the authorization by the United States District Court for the Eastern District of Pennsylvania of the execution and delivery of this Lease by the Lessees, no governmental authorizations, approvals or exemptions are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Locomotives hereunder, for the rentals and on the other terms and conditions herein provided; or, if any such authorizations are required, they have been

obtained and, if any such shall hereafter be required, they will be promptly obtained.

(v) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(vi) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration.

#### SECTION 6. *Opinions of Counsel.*

Concurrently with the recordation of this Lease with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act pursuant to Section 20 hereof, and on each Closing Date under the Loan and Financing Agreement, Lessees will deliver to Lessor an opinion of Robert W. Blanchette, Esq., Counsel for Lessees, signed by him or on his behalf by an attorney designated by him, to the effect that (i) Lessees, George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz (or any successor or additional Trustees), have been duly appointed as Trustees of the property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania; the appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission; and said Trustees are duly vested with title to the properties of the Railroad and have the power and authority to carry on its business; (ii) the execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms; (iii) the rights of Lessor as herein set forth and the title of Lessor to the Locomotives are free and clear of the lien of any mortgage, security agreement or other instrument binding upon the Railroad or Lessees; (iv) obligations to make rental and other payments under

this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration; (v) this Lease and the Equipment Note Agreement have been filed and recorded in such public offices as are necessary for the full protection of the rights of Lessor and the Trustee in the United States of America and of Lessor in Canada; and (vi) no approval of the Interstate Commerce Commission or any other governmental authority (except the Court in the proceedings for the reorganization of the Railroad) is necessary for the execution and delivery of this Lease, or if any such approval is necessary (specifying the same), that it has been obtained.

SECTION 7. *Identification Plates.* Upon or before the delivery to Lessees of each of the Locomotives, Manufacturer has agreed to cause to be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of such Locomotive a metal plate on which plainly and conspicuously appear the following words in letters not less than one inch in height:

EL-PC LEASING CORPORATION, OWNER AND LESSOR  
UNITED STATES TRUST COMPANY OF NEW YORK, TRUSTEE, ASSIGNEE

In case, during the continuance of this Lease, any such plate shall at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Locomotive, Lessees shall immediately cause the same to be restored or replaced. Lessees will not allow the name of any person, association or corporation to be placed on any of the Locomotives as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignee; but the Locomotives may be lettered with the names or initials or other insignia customarily used by Lessees on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Locomotives under this Lease.

SECTION 8. *Numbering.* On or prior to the time of delivery of each Locomotive to Lessees, Manufacturer has agreed to cause to be placed on each side of such Locomotive the Manufacturer's Serial Number and the Railroad's Road Number. At all times thereafter, during the continuance of this Lease, Lessees will cause each Locomotive to bear the numbers so assigned to it, and Lessees will not change or permit to be changed, the numbers of any such Locomotives, except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Trustee and the Lessor by the Lessees and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

SECTION 9. *Taxes.* Lessees agree that, during the continuance of this Lease, in addition to the rentals herein provided, Lessees will promptly pay all taxes, assessments and other governmental charges levied or assessed upon or in respect of the Locomotives or any thereof or upon the use or operation thereof or the earnings arising therefrom, if and to the extent that any such taxes, assessments or other governmental charges may give rise to any lien upon the Locomotives or may become a claim entitled to priority over any of the rights of Lessor in and to the Locomotives, and as additional rental will promptly pay or reimburse Lessor for all taxes, assessments and other governmental charges levied or assessed against Lessor or any predecessor or successor in title of the Lessor solely on account of ownership of the Locomotives or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax on the rentals herein provided), including any sales, use or similar taxes payable on account of the leasing of the Locomotives hereunder; but Lessees shall not be required to pay the same so long as they shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor, the rights or interest of Lessor will be materially endangered, nor shall Lessees be required to make any tax payment which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title and interest of Lessor in and to the Locomotives to any

lien or encumbrance. In the event any tax reports are required to be made on the basis of individual Locomotives, Lessees will either make such reports in such manner as to show the ownership of such Locomotives by Lessor or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor.

**SECTION 10. *Maintenance and Insurance.*** Lessor makes no warranty or representation, either expressed or implied, in respect of the Locomotives, including, without limitation, any warranty or representation as to the fitness, design or condition of, or as to the quality of the material, equipment or workmanship in, the Locomotives delivered to Lessees hereunder, it being agreed that all such risks, as between Lessor and Lessees, are to be borne by Lessees.

Lessees agree, during the continuance of this Lease, at Lessees' own cost and expense to maintain and keep all of the Locomotives in good order and repair in accordance with standards prescribed by Manufacturer in its applicable locomotive service manuals and maintenance instructions covering the respective Locomotives and that any replacement power components (such as engines, transmissions and parts thereof) shall be in accordance with the Specifications.

Except for alterations or changes required by law, Lessees shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Locomotives or in the electrical equipment or the components thereof installed in the Locomotives, or in the Specifications.

Any parts installed or replacements made by Lessees upon any Locomotive (except for communications, signal and automatic control equipment or devices having a similar use which have been added to the Locomotives by Lessees, the cost of which is not included in Manufacturer's total unit price on which the rentals hereunder have been computed, which is not required for the operation or use of the Locomotives and which can be removed without material injury to the Locomotives) shall be considered accessions to such Locomotive and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor.

Lessees shall pay or satisfy and discharge any and all sums claimed by any party which, if unpaid, might become a lien or a charge upon the Locomotives or entitled to priority over any of the rights of Lessor in and to the Locomotives, but Lessees shall not be required to discharge any such claim so long as they shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Locomotives.

Lessees shall, at their own cost and expense, insure each Locomotive from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this Lease with respect to such Locomotive have been discharged, against loss, damage or destruction thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Locomotive, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss amounting to less than \$25,000 on each Locomotive shall be payable. All such insurance shall be taken for the benefit of Lessor and Lessees, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor. Such policy or policies shall insure the respective interests of Lessor and Lessees in the Locomotives and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Locomotives shall

(a) be paid over to Lessees, in the case of repairable damage to such Locomotive, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(b) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Locomotive, towards the satisfaction of Lessees' obligation to make the payment required by Section 11 hereof.

SECTION 11. *Payment for Lost, Worn Out, Destroyed or Damaged Locomotives.* Lessees shall bear the risk of and, except as hereinafter in this Section 11 provided, shall not be released from Lessees' obliga-

tions hereunder in the event of any loss or destruction of or damage to any of the Locomotives for any cause whatsoever after the acceptance of delivery thereof hereunder by Lessees.

In case any Locomotive shall become lost, worn out, destroyed or, in the opinion of Lessees, irreparably damaged prior to payment in full of the rentals payable pursuant to Section 4 hereof, Lessees shall give prompt notice thereof to Lessor, together with a statement of the amount payable under this paragraph and on the rental payment date set forth in Section 4 hereof next succeeding the date on which Lessees shall have determined that the Locomotive was lost, worn out, destroyed, or irreparably damaged, Lessees shall pay to Lessor the rent payable for such Locomotive for the Quarterly Rental Period then ending and, in addition, shall pay to Lessor as damages, in lieu of any further claim of Lessor to or on account of such Locomotive, the Stipulated Loss Value of such Locomotive as of the end of such Quarterly Rental Period. Upon any such payment, title to the Locomotive or Locomotives so lost, worn out, destroyed or damaged shall immediately vest in Lessees, and such Locomotive or Locomotives shall no longer be subject to this Lease and the rental for such Locomotive or Locomotives provided for in Section 4 hereof shall be abated and shall cease to accrue.

SECTION 12. *Annual Report.* Lessees will furnish to Lessor on or before May 1 in each year commencing May 1, 1972, and on such other date or dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent or officer of Lessees, stating as of a recent date (not exceeding 90 days preceding the date of such report) (a) the Manufacturer's Serial Numbers and the Railroad's Road Numbers of the Locomotives then subject to this Lease, (b) the Manufacturer's Serial Numbers and the Railroad's Road Numbers of all Locomotives that have become lost, destroyed or irreparably damaged since the date of the previous report (or since the date hereof in the case of the first such report), (c) the Manufacturer's Serial Numbers and the Railroad's Road Numbers of all serviceable Locomotives, (d) that all Locomotives then subject to this Lease have been kept in good order and repair or, if such be the case,



the Manufacturer's Serial Numbers and the Railroad's Road Numbers of all Locomotives then awaiting repairs or being repaired in accordance with Section 10 hereof, (e) that the metal plates affixed to the Locomotives as required by Section 7 hereof have remained and presently are affixed to each side of each Locomotive, and such plates have not been painted over or otherwise made inconspicuous or defaced, and (f) that, to the best of his knowledge, no Event of Default, and no event which with the giving of notice and lapse of time, or the giving of notice or lapse of time, would constitute an Event of Default, has occurred during the year immediately preceding the date as of which such report is made, or, if any such Event of Default or other such event has occurred, specifying the same and the nature and the status thereof. Lessees will furnish copies of such reports to such persons as Lessor may from time to time designate in writing to Lessees. Lessor shall have the right, by its agents, to inspect the Locomotives and/or Lessees' records with respect thereto at reasonable times and places and upon reasonable notice during the continuance of this Lease or any extension thereof.

SECTION 13. *Compliance with Laws and Rules; Indemnification.* Lessees agree to comply in all respects with all laws of the jurisdictions in which their operations involving the Locomotives may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over Lessees or over the Locomotives, to the extent that such laws and rules affect the operation, maintenance or use of the Locomotives. In the event such laws or rules require the alteration of the Locomotives, Lessees will conform therewith, at Lessees' expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessees may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder.

Lessees hereby agree to indemnify, reimburse and hold Lessor harmless from any and all claims, demands, suits, judgments or causes

of action for or on account of injury to or death of persons, or loss or damage to property which may result from or grow in any manner out of the presence, use or operation of the Locomotives under this Lease, provided however that Lessees do not assume liability in respect of representatives, agents or employees of Manufacturer, Lessor or the Trustee.

SECTION 14. *Default.* If, during the continuance of this Lease or any extension thereof, one or more of the following events shall occur:

(a) default shall be made in the payment of any part of the rental provided in Section 4 or Section 15 hereof, as the case may be, and such default shall continue for 5 days after written notice from Lessor to Lessees;

(b) Lessees shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of the Locomotives, or any of them, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Locomotive or Locomotives within 30 days after written notice from Lessor to Lessees demanding such cancellation and recovery of possession;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessees contained herein and such default shall continue for 30 days after written notice from Lessor to Lessees specifying the default and demanding the same to be remedied;

(d) any material representation made by Lessees herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

(e) the order dated December 28, 1970 of the United States District Court for the Eastern District of Pennsylvania in the pending proceedings for the reorganization of the Railroad, authorizing the execution and delivery of this Lease by Lessees and their undertaking of the obligations, duties and liabilities hereof, shall be reversed, modified, amended or superseded in any material respect which might adversely affect any of the rights, powers, privileges and remedies of the Lessor under this Lease or of the Trustee as assignee of the Lessor's right, title and interest in and

under this Lease, and the order effecting such reversal, amendment, modification or superseding of said order shall not have been vacated or set aside or stayed within 60 days from the date of entry thereof;

(f) a plan of reorganization of the Railroad is approved by the Court in the pending proceedings for the reorganization of the Railroad and said plan does not provide for the assumption by the Reorganized Company of each and every obligation of Lessees under this Lease in form and substance satisfactory to Lessor;

(g) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against any Reorganized Company, and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees appointed in such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(h) any proceedings shall be commenced by or against any Reorganized Company for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees or receiver or receivers appointed for such Reorganized Company or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case (herein sometimes called Events of Default), Lessor, at its option, may

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessees of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(2) by notice in writing to Lessees terminate this Lease, whereupon all right of Lessees to the use of the Locomotives shall absolutely cease and determine as though this Lease had never been made, but Lessees shall remain liable as herein provided; and thereupon Lessees shall deliver possession of the Locomotives to Lessor in accordance with Section 16 hereof and Lessor may by its agents enter upon the premises of Lessees or other premises where any of the Locomotives may be and take possession of all or any of such Locomotives and thenceforth hold, possess and enjoy the same free from any right of Lessees, or Lessees' successors or assigns, to use the Locomotives for any purposes whatever; but Lessor shall, nevertheless, have a right to recover from Lessees any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Locomotives (including rentals accruing on the Locomotives after the date of default); and also to recover forthwith from Lessees (to the extent not recovered pursuant to the foregoing) the following:

(i) as damages for loss of the bargain and not as a penalty, a sum, with respect to Locomotives as to which the original term of this Lease has not expired, which represents the excess of (x) the Termination Value of such Locomotives determined as of the end of the Quarterly Rental Period next preceding the date of such notice, plus interest on the amount of such Termination Value of the Locomotives from the end of such Quarterly Rental Period at the rate of  $9\frac{1}{4}\%$  per annum to the date of such notice, over (y) the present worth of the Fair Rental Value of the Locomotives determined as of the end of such Quarterly Rental Period for the remainder of the period ending December 15, 1985 (such present worth to be computed on the basis of an annual discount rate of  $9\frac{1}{4}\%$  compounded quarterly to the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated); plus, to the extent legally enforceable, interest on such excess at the rate of 10% per annum commencing on the date of such notice and reasonable provision for all expenses incidental to taking of possession and re-renting, and

(ii) any damages in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessees hereby waive any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event that Lessor shall bring suit and be entitled to judgment hereunder, then Lessor shall be entitled to recover reasonable expenses, including attorneys' fees and the amount thereof shall be included in such judgment.

SECTION 15. *Extension of Term.* Unless an Event of Default under Section 14 hereof shall have occurred and be continuing, Lessees shall have the right and option, by written notice given to Lessor not less than 90 days prior to the expiration of the term set forth in Section 3 hereof or the first extended term as herein provided, to extend, subject to the provisions of Section 11 hereof, the term of this Lease with respect to the Locomotives or any of them specified in such notice for an additional term of five years, in which event, the provisions of Sections 9, 10, 11, 13, 14 and 16 shall be applicable as during the original term and such extended term or terms shall be at a rental equal to the Fair Rental Value of such Locomotives payable on the same days of each year of the extended term or terms as payable under this Lease.

If on or before two months prior to the expiration of the term of this Lease, Lessor and Lessees are unable to agree upon a determination of the Fair Rental Value of such Locomotives, the Fair Rental Value shall be determined by an Appraiser. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment and shall promptly communicate such determination in writing to Lessor and Lessees. The determination so made shall be conclusively binding upon both Lessor and Lessees. The expenses and fee of the Appraiser shall be borne by Lessees.

If Lessees do not elect to extend the term of this Lease with respect to one or more Locomotives, the provisions of Section 17 hereof shall apply as to each such Locomotive.

SECTION 16. *Return of Locomotives.* Upon the expiration of the original term of this Lease, provided Lessees shall not have exercised their option to continue this Lease pursuant to Section 15 hereof or their option to purchase the Locomotives pursuant to Section 17 hereof, or upon the termination of this Lease as to any Locomotive or Locomotives as provided in said Section 15 during or at the expiration of the extended term of this Lease with respect to such Locomotive or Locomotives (provided Lessees shall not have exercised said option to purchase), or upon the termination of this Lease pursuant to Section 14 hereof, Lessees shall forthwith deliver possession of the Locomotive or Locomotives, as the case may be, to Lessor in good order and repair (and, in any event, in a condition complying with the maintenance requirements of Section 10 hereof). For the purpose of delivering possession of each such Locomotive to Lessor as above required, or in the event that Lessor elects to terminate this Lease as provided in Section 14 hereof, Lessees shall at Lessees' own cost and expense forthwith assemble all such Locomotives and place them upon such storage tracks of Lessees as Lessor may designate, or, in the absence of such designation, as Lessees may select, and Lessees shall permit Lessor to store all such Locomotives on such tracks for a period not exceeding 100 days at the risk of Lessees, and Lessees shall at Lessees' own cost and expense transport or cause to be transported the same or any thereof, at any time within such 100-day period, to Manufacturer's plant at McCook, Illinois or to any place or places on the lines of railroad operated by Lessees or to any connecting carrier for shipment, all as directed by Lessor. The assembling, delivery, storage and transporting of all such Locomotives as hereinbefore provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises Lessor shall be entitled to a decree against Lessees requiring specific performance of the covenants of Lessees so to assemble, deliver, store and transport all such Locomotives.

Lessees shall deliver forthwith to Lessor, or to such person or persons whom Lessor may designate, possession of each Locomotive upon expiration of the extended term of this Lease as to any such Locomotive or upon termination of this Lease as to any such Locomotive for any reason other than those specified in Section 11 hereof.

Without in any way limiting the obligation of Lessees under the foregoing provisions of this Section, Lessees hereby irrevocably appoint Lessor as the agent and attorney of Lessees, with full power and authority, at any time while Lessees are obligated to deliver possession of any Locomotive to Lessor, to demand and take possession of such Locomotive in the name and on behalf of Lessees from whosoever shall be at the time in possession of such Locomotive.

SECTION 17. *Purchase Options.* Provided that this Lease has not been earlier terminated and Lessees are not in default hereunder, Lessees may by written notice delivered to Lessor not less than six months prior to the end of the term of this Lease, or any extension thereof, elect to purchase all or any of the Locomotives covered by this Lease at the end of such term or extension of this Lease for a purchase price equal to the Fair Market Value of such Locomotives as of the end of such term or extension.

If on or before four months prior to the expiration of the term of this Lease or any extension thereof, Lessor and Lessees are unable to agree upon a determination of the Fair Market Value of the Locomotives, the Fair Market Value shall be determined by an Appraiser. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessees. The determination so made shall be conclusively binding upon both Lessor and Lessees. The expenses and fee of the Appraiser shall be borne by Lessees.

SECTION 18. *Assignment; Possession and Use; Successors to Lessees.* So long as Lessees shall not be in default under this Lease, Lessees shall be entitled to the possession and use of the Locomotives in accordance with the terms of this Lease, but Lessees agree, to the fullest extent permitted by law, that Lessees shall not, without the prior written consent of Lessor, assign, transfer or encumber Lessees' leasehold interest under this Lease in the Locomotives (except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of Lessees or any other liens authorized by the Court in the proceedings for the reorganization of the Railroad may subject such leasehold interest to the lien thereof).

Lessees agree, to the fullest extent permitted by law, that Lessees shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of Lessees' possession or control, either voluntarily, by operation of law or otherwise, any Locomotive except that Lessees may use the Locomotives on the lines of railroad owned, operated or leased by Lessees, and on the lines of other railroads over which railroad equipment of Lessees is regularly operated pursuant to contract, trackage or other operating rights, and in joint facility operations with other carriers and in the usual interchange of locomotives, if customary at the time, and in the case of any emergency requiring detours or repairs.

Nothing in this Section 18 shall be deemed to limit the right of Lessees to assign and transfer Lessees' leasehold interest hereunder in the Locomotives and the possession thereof to a Reorganized Company, provided that all the obligations then existing or to accrue of the Lessees under this Lease shall be assumed as a general obligation by such Reorganized Company.

After any assignment and transfer of Lessees' leasehold interest hereunder in the Locomotives and the possession thereof as above permitted nothing in this Section 18 shall be deemed to limit the right of the Reorganized Company, as successor to the Lessees, at any time further to assign and transfer its leasehold interest hereunder in the Locomotives and the possession thereof to any successor corporation which shall have assumed all of the obligations hereunder of Lessees and into or with which the Reorganized Company shall have merged or consolidated or which shall have acquired all or substantially all of the property of the Reorganized Company; nor shall anything in this Section 18 be deemed to limit successive such assignments and transfers.

The term "Lessees" whenever used in this Lease means George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, Trustees of the property of Penn Central Transportation Company, Debtor, as well as any successor or additional trustees of such property, before any assignment and transfer of Lessees' leasehold interest hereunder in the Locomotives and the possession thereof to a Reorganized Company as hereinbefore provided in this Section 18, and thereafter shall mean any Reorganized Company.



The liabilities and obligations of said Trustees, George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, as well as of any such successor or additional trustees, under and in respect of this Lease, are the liabilities of such Trustees, or any or all of them, solely as trustees of the property of Penn Central Transportation Company, and not individually. Said Trustees and any successor or additional trustees shall not be relieved of their liabilities or obligations under or in respect of this Lease, except upon any assignment and transfer of Lessees' leasehold interest hereunder in the Locomotives and the possession thereof to a Reorganized Company as hereinbefore provided in this Section 18.

SECTION 19. *Assignment by Lessor.* All or any of the rights, benefits and advantages of Lessor, including the right to the rent or to any other payment under this Lease, and title to the Locomotives, may be assigned or transferred by Lessor and reassigned or retransferred by any assignee at any time and from time to time. No such assignment shall subject any assignee to, or relieve Lessor from, any obligation of Lessor hereunder.

Lessees hereby acknowledge due notice of the transfer made by Lessor to the Trustee under the Equipment Note Agreement of all of Lessor's right, title and interest in and to the Locomotives subject to, and to become subject to, the terms and conditions of this Lease and all of Lessor's right, title and interest in and under this Lease, including the right to receive the rent and all other payments under this Lease, and title to the Locomotives. Lessees expressly represent and agree for the purpose of assurance to the Trustee and the holders of Equipment Notes to be made and delivered under the Equipment Note Agreement that the rights of the Trustee to payments to be made by Lessees hereunder, together with all other rights hereunder assigned to the Trustee, shall not be subject to any defense, set off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Manufacturer or Lessor in respect of the Locomotives or the manufacture, construction, delivery, guaranty or warranty thereof, or in respect of any indemnity herein contained, nor subject to any defense, set off, counterclaim, or recoupment whatsoever arising by reason of

any other indebtedness or liability at any time owing to Lessees by Lessor or Manufacturer. Any and all such obligations howsoever arising shall be and remain enforceable by Lessees against and only against Manufacturer or Lessor as the case may be.

Lessees agree that, so long as the Equipment Note Agreement shall be in effect, copies of all notices, certificates, reports, opinions of counsel and other communications required or permitted to be given or furnished to Lessor under any of the provisions of this Lease shall concurrently be given or furnished to the Trustee at its address as provided in or pursuant to the Equipment Note Agreement.

SECTION 20. *Recording.* Lessees, without expense to Lessor, will cause this Lease and the Equipment Note Agreement and all amendments, supplements and assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada in accordance with Section 148 of the Railway Act (and notice of such deposit to be given in the *Canada Gazette* pursuant to said Section 148). Lessees will promptly furnish to Lessor certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to Lessor of Counsel for Lessees, or an attorney designated by him satisfactory to Lessor, with respect thereto. In addition, Lessees shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Locomotives.

SECTION 21. *Other Equipment Leases and Secured Obligations.* Lessees agree that, during the continuance of this Lease, Lessees will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of equipment or other tangible personal property, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessees under this Lease, or (ii) if such liabilities or obligations would be secured, directly or in-

directly, by any mortgage, lien or other security interest in property of the Railroad or Lessees (except the equipment or other property involved in the particular transaction) unless the obligations of Lessees under this Lease are equally and ratably secured thereby.

SECTION 22. *Notices.* Any notice required or permitted to be given to Lessor shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows: EL-PC Leasing Corporation, Room 2600, 767 Fifth Avenue, New York, New York 10022, or at such other address as may have been furnished in writing to Lessees by Lessor.

Any notice required or permitted to be given to Lessees shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows: Trustees of the Property of Penn Central Transportation Company, Debtor, Room 1334, Six Penn Center Plaza, Philadelphia, Pennsylvania 19104, or at such other address as may have been furnished in writing by Lessees to Lessor.

SECTION 23. *New York Laws.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York, but Lessor, and any assignee of Lessor's rights hereunder, shall be entitled to such additional rights arising out of the filing or recording hereof and of the Equipment Note Agreement as shall be conferred by Federal laws or by the laws of any jurisdiction in which this Lease, or the Equipment Note Agreement, or any such assignment shall be filed or recorded.

SECTION 24. *Miscellaneous.*

(a) Any other provision contained in this Lease to the contrary notwithstanding, it is hereby agreed the provisions of Sections 4, 9, 11, 13, 14, 16 and 17 of the Lease shall survive the termination of the leasing of the Locomotives under the terms of this Lease.

(b) This Lease contains the entire agreement between the parties relating to the subject matter hereof, and any prior and collateral

representations, warranties and conditions with respect to said subject matter are merged herein. No modification, extension, waiver, renewal or termination of this Lease, or any of the provisions hereof, shall be binding on either party hereto unless made in writing on its behalf by the duly authorized representative of said party.

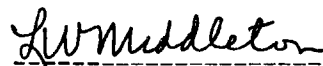
(c) This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same document.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Lease to be executed on their behalf by one of the Lessees thereunto duly authorized, all as of the day and year first above written.


EL-PC LEASING CORPORATION

By   
Vice President

Attest:

  
ASSISTANT SECRETARY

GEORGE P. BAKER,  
RICHARD C. BOND,  
JERVIS LANGDON, JR., and  
WILLARD WIRTZ,  
Trustees of the Property of Penn  
Central Transportation Com-  
pany, Debtor

By   
One of the Trustees

STATE OF Michigan  
COUNTY OF Wayne } ss.:

On this 22 day of January, 1971, before me personally appeared R.B. Smith, to me personally known, who, being by me duly sworn, said that he is a Vice President of EL-PC LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date above written.

R.C. Austin

My Commission expires 1-13-73

R. C. AUSTIN

Notary Public, Oakland, County, Mich.

Acting in Wayne County, Mich.

My Commission Expires Jan. 13, 1973

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On this 26 day of January, 1971, before me personally appeared Jervis Hargrett, to me personally known, who, being by me duly sworn, said that he is one of the Trustees of the property of Penn Central Transportation Company, Debtor, that the foregoing instrument was signed by him on behalf of and by authority of the Trustees of the property of Penn Central Transportation Company, Debtor, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.

Diana Puglisi

My Commission expires 3-30-71

DIANA PUGLISI  
Office and P.O. Address 33 Liberty Street  
New York 45, N. Y.  
NOTARY PUBLIC, STATE OF NEW YORK  
Qualified in Queens County  
No. 41-371453  
Term Expires March 30, 1971

## SCHEDULE A

## MODEL—DESCRIPTION—SPECIFICATIONS—SERIAL NUMBERS—ROAD NUMBERS AND UNIT PRICES

Model	Description	Specification Number and Date	Units	Manufacturer's Serial Number	Railroad's Road Number	UNIT	
						Price \$	Total \$
SD-40	3000 H. P. Diesel-Electric Road Locomotive	Spec. 8054 Dated June 2, 1969 as Amended by Specification Amended 8054-3 Dated July 1, 1968	34	{36896-36926}	{6240-6273}	244,000.00	283,222.00
			1	{36997-36999}	{6274- }	244,000.00	284,285.00
			10	37000- 37001-37010	6275-6284	244,000.00	284,116.00
GP-38	2000 H.P. Diesel-Electric Road Switching Locomotive	Spec. 8059 Dated June 2, 1969 as Amended by Specification Amendment 8059-3 Dated July 1, 1968	5	36801-36805	2010-2014	157,500.00	170,025.00
			35	36927-36961	7868-7902	157,500.00	184,624.30
			1	36962-	7903-	184,000.00	211,124.30
			1	36993-	7904-	184,000.00	201,776.00
			3	36994-36996	7905-7907	184,000.00	201,392.00
			30	36963-36992	7908-7937	184,000.00	205,884.30
			1	37011-	7938-	157,500.00	178,366.90
SW-1500	1500 H.P. Diesel-Electric Yard Switching Locomotive	Spec. 8036 Dated March 5, 1970 as Amended by Specification Amendment 8036-2 Dated April 30, 1968	1	37012-	7939-	157,500.00	177,122.30
			5	36381-36385	9223-9227	146,500.00	154,535.00
			1	37058-	9500-	146,500.00	161,245.00
			9	37059-37067	9501-9509	146,500.00	161,113.00
TOTAL .....			137				

## SCHEDULE B

**APPLICABLE PERCENTAGES OF TOTAL UNIT PRICE OF A LOCOMOTIVE  
FOR DETERMINATION OF STIPULATED LOSS VALUE OR TERMINA-  
TION VALUE AT END OF ANY QUARTERLY RENTAL PERIOD**

	<u>Column I</u>	<u>Column II</u>		<u>Column I</u>	<u>Column II</u>
<u>Quarterly Rental Period Ending</u>	<u>Termination Value</u>	<u>Stipulated Loss Value</u>	<u>Quarterly Rental Period Ending</u>	<u>Termination Value</u>	<u>Stipulated Loss Value</u>
March 15, 1971 ...	98.62%	100.70%	March 15, 1979 ...	45.64%	49.96%
June 15, 1971 ....	97.19	99.32	June 15, 1979 ....	43.88	48.30
September 15, 1971	95.73	97.91	September 15, 1979	42.08	46.60
December 15, 1971	94.23	96.46	December 15, 1979	40.24	44.87
March 15, 1972 ...	92.69	94.97	March 15, 1980 ...	38.36	43.09
June 15, 1972 ....	91.11	93.44	June 15, 1980 ....	36.45	41.29
September 15, 1972	89.50	91.89	September 15, 1980	34.50	39.45
December 15, 1972	87.84	90.28	December 15, 1980	32.50	37.57
March 15, 1973 ...	86.15	88.65	March 15, 1981 ...	31.25	36.44
June 15, 1973 ....	84.42	86.98	June 15, 1981 ....	29.95	35.26
September 15, 1973	82.65	85.26	September 15, 1981	28.61	34.04
December 15, 1973	80.84	83.52	December 15, 1981	27.24	32.79
March 15, 1974 ...	79.00	81.74	March 15, 1982 ...	25.83	31.51
June 15, 1974 ....	77.11	79.91	June 15, 1982 ....	24.38	30.19
September 15, 1974	75.19	78.05	September 15, 1982	22.89	28.84
December 15, 1974	73.23	76.16	December 15, 1982	21.36	27.45
March 15, 1975 ...	71.23	74.23	March 15, 1983 ...	19.79	26.02
June 15, 1975 ....	69.19	72.26	June 15, 1983 ....	18.18	24.55
September 15, 1975	67.12	70.26	September 15, 1983	16.54	23.06
December 15, 1975	65.00	68.21	December 15, 1983	14.86	21.53
March 15, 1976 ...	63.75	67.03	March 15, 1984 ...	13.14	19.96
June 15, 1976 ....	62.45	65.81	June 15, 1984 ....	11.38	18.36
September 15, 1976	61.11	64.55	September 15, 1984	9.58	16.72
December 15, 1976	59.74	63.26	December 15, 1984	7.74	15.05
March 15, 1977 ...	58.33	61.93	March 15, 1985 ...	5.86	13.33
June 15, 1977 ....	56.88	60.56	June 15, 1985 ....	3.95	11.60
September 15, 1977	55.39	59.15	September 15, 1985	2.00	9.82
December 15, 1977	53.86	57.71	December 15, 1985	0.00	8.00
March 15, 1978 ...	52.29	56.23			
June 15, 1978 ....	50.68	54.71			
September 15, 1978	49.04	53.17			
December 15, 1978	47.36	51.58			

## SCHEDULE C

SUPPLEMENT DATED . . . . ., 197. . TO LEASE OF RAILROAD EQUIPMENT DATED AS OF DECEMBER 15, 1970 FROM EL-PC LEASING CORPORATION, LESSOR, TO GEORGE P. BAKER, RICHARD C. BOND, JERVIS LANGDON, JR. AND WILLARD WIRTZ, TRUSTEES OF THE PROPERTY OF PENN CENTRAL TRANSPORTATION COMPANY, DEBTOR, LESSEES

Lessor and Lessees hereby confirm that the below described Diesel-Electric Locomotives (the Locomotives) manufactured by General Motors Corporation (Manufacturer) for sale to Lessor pursuant to a Purchase Contract dated as of November 1, 1970, as amended (the Purchase Contract) were delivered to Lessees at their tracks at

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on the indicated dates:

Model	Description	Quantity	Manufac- turer's Serial Number	Railroad's Road Number	Date of Delivery
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Lessor and Lessees confirm that the Locomotives were inspected by duly appointed and authorized representatives of Lessor and Lessees in accordance with Section 2 of the Purchase Contract. Such inspection showed (a) that the Locomotives have been constructed in accordance with the Specifications, all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads and (b) that there was plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each Locomotive a metal plate on which plainly and conspicuously appear the following words in letters not less than one inch in height:

EL-PC LEASING CORPORATION, OWNER AND LESSOR  
UNITED STATES TRUST COMPANY OF NEW YORK, TRUSTEE, ASSIGNEE

and that each side of each Locomotive was plainly and distinctly marked with both Manufacturer's Serial Number and the Railroad's Road Number set forth above with respect thereto.



Lessor and Lessees confirm that on the aforesaid dates of delivery the Locomotives were duly accepted by a representative of Lessor and Lessees in accordance with Section 2 of the Purchase Contract, and Lessees acknowledge that the Locomotives are now held by Lessees subject to the terms and conditions of the aforesaid Lease of Railroad Equipment, including the payment of the rentals provided for therein with respect to the Locomotives to Lessor.

IN WITNESS WHEREOF, Lessor has caused this Supplement to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Supplement to be executed on their behalf by one of the Lessees thereunto duly authorized, the day and year first above written.

EL-PC LEASING CORPORATION

By \_\_\_\_\_  
*Vice President*

Attest:

\_\_\_\_\_  
*Secretary*

GEORGE P. BAKER,  
 RICHARD C. BOND,  
 JERVIS LANGDON, JR., and  
 WILLARD WIRTZ,  
 Trustees of the Property of Penn  
 Central Transportation Com-  
 pany, Debtor

By \_\_\_\_\_  
*One of the Trustees*

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_, 197\_\_ before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, said that he is Vice President of EL-PC LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged the the execution of the foregoing instrument was the free act and deed of said Corporation.

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My Commission expires

COMMONWEALTH OF PENNSYLVANIA }  
CITY AND COUNTY OF PHILADELPHIA } ss.:

On this the \_\_\_\_ day of \_\_\_\_\_, 1970, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, said that he is one of the Trustees of the property of Penn Central Transportation Company, Debtor, that the foregoing instrument was signed by him on behalf of and by authority of the Trustees of the property of Penn Central Transportation Company, Debtor, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.

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My Commission expires